

TRADERS

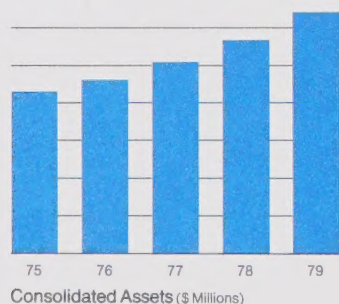
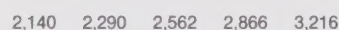
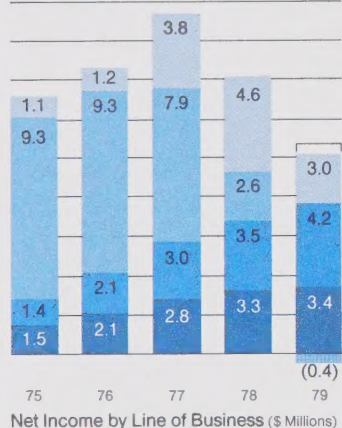
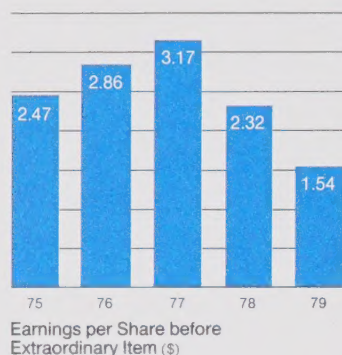
GROUP LIMITED



59TH ANNUAL REPORT 1979



Highlights



	1979	1978	% Increase (Decrease)
Consolidated gross income	\$ 462,500,000	\$ 393,027,000	18
Consolidated net income	10,239,000	14,011,000	(27)
Earnings per common share	1.54	2.32	(34)
Dividends declared per common share	1.25	1.25	—
Return on average common equity	6.41%	9.93%	(35)
Consolidated assets	\$3,215,788,000	\$2,866,213,000	12
Consolidated shareholders' equity	155,337,000	151,429,000	3
Average number of common shares outstanding	4,941,000	4,884,000	1
Employees	3,507	3,465	1
Branches	330	342	(4)

Net Income by Line of Business

Trust Company	\$ 3,007,000	\$ 4,624,000	(35)
Finance Group	(431,000)	2,565,000	(117)
Insurance Group	4,192,000	3,555,000	18
Land Development Group	3,471,000	3,267,000	6
Consolidated net income	\$ 10,239,000	\$ 14,011,000	(27)

Contents

Chairman's Report to Shareholders	2
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Review of Operations

Consumer and Real Estate Services	4
Corporate Financial Services	6
Insurance Services	7
Finance and Administration	8

Consolidated Financial Statements

Financial Information of Subsidiaries

Guaranty Trust Company of Canada	16
Finance Group	17
Canadian General Insurance Group	18
Land Development Group	19
Five-Year Statistical Review	26

Corporate Information

Directors and Officers	28
Locations	30
Bankers and Other	32

Annual Meeting

The Annual Meeting of Shareholders will be held at 11:30 a.m., Thursday, March 13th, 1980, in Toronto, in the Ballroom of the Royal York Hotel.

Assemblée annuelle

L'assemblée annuelle des actionnaires aura lieu à 11:30, jeudi, le 13 mars 1980 à Toronto. Endroit: salon "Ballroom", Hôtel Royal York.

Rapport annuel

Si vous désirez recevoir en exemplaire en français du Groupe Traders Limitée, veuillez vous adresser au service de la trésorerie, Le Groupe Traders Limitée, 625 Church Street, Toronto, Ontario M4Y 2G1.



A. R. Marchment
Chairman of the Board and Chief Executive Officer

Chairman's Report to Shareholders

This year's annual report reflects the substantial changes taking place within the Traders group of companies, as we prepare for the challenges of the 1980s. Fully consolidated financial statements reflect the true size of the Corporation, as well as the broad scope of its operations.

The accounts of Guaranty Trust Company of Canada and Canadian General Insurance Group are now consolidated. Summary balance sheets and statements of net income are included for each of the four major business groups—the Finance Group, Guaranty Trust Company, Canadian General Insurance Group and Land Development. While the comments which follow relate to the overall operations and direction of the Corporation, a detailed review of each of these major business units is included later in this annual report.

Net income available for common shareholders for the year ended December 31, 1979, was \$7,625,000 or \$1.54 per common share compared with \$11,350,000 or \$2.32 per share in 1978. A dividend of \$1.25 was paid. Total assets rose to \$3,215,788,000 at December 31, 1979, which, together with higher premium and fee income, generated gross income of \$462,500,000, up almost 18 per cent from 1978. The major part of this revenue increase came from the lending portfolios of the trust company and premium and investment income of the insurance group.

Interest costs rose 28.9 per cent to \$232,566,000 in 1979, as the bank prime rate increased five times from 11.75 per cent at the beginning of the year to 15.0 per cent by year end. This rapid increase in the cost of borrowings and interest paid on deposits could not be offset adequately in lending rates, which did not respond as quickly, due to intense competition for the available business. The resulting reduction of loan margins caused lower net income on most lending portfolios.

Gains in the volume of insurance written and the resulting earned premiums were largely offset by higher claims, insurance commissions and premium taxes. The carry-forward effect of the Anti-Inflation Board rulings which had held premiums at unrealistically low levels and competition throughout the year, prevented premium rates from keeping pace with the increased cost of claims.

Generally, the quality of the loan receivables improved in 1979 as delinquencies and credit losses declined in all portfolios except Aetna Financial Services Limited. Aetna incurred large losses principally with clients in the winter recreational products field. Traders share of the operating loss of Aetna amounted to \$2,591,000 which placed the Finance Group as a whole in a loss position for the year.

Excellent results were achieved in containing operating expenses in 1979, which totalled \$100,593,000, an increase of 7 per cent from 1978 levels. Further progress in containing costs is anticipated in 1980.

During the past year, considerable progress has been made in the Company's program to co-ordinate and integrate compatible services of the finance company operations and the trust company. Following extensive organizational and marketing studies, the companies have been structured to reflect "lines of business". This permits more specific emphasis on marketing the various operating companies with their sharply defined financial services.

Six distinct groups have been established. Reporting to President, E. W. Flanagan, are Deposit Services, the retail branches of the trust company; Consumer Financial Services, encompassing the consumer lending of the finance and trust companies and automobile financing through the sales financing branch network; Real Estate Services, composed of the real estate sales organization and property management capability of the trust company together with the land development organization of Traders.

The Corporate Financial Services group, under Senior Vice President, M. A. Hasley, brings together the corporate lending and leasing networks of the finance and trust companies as well as mortgage investments, corporate trust services, investment services and factoring.

The Canadian General Insurance Group comprised of three property and casualty insurance companies together with the life, sickness and accident insurance company continues to report to its President, R. E. Bethell.

The Finance and Administration group under Senior Vice President, E. A. Fricker, consolidated the various staff service units of the two organizations in such areas as legal, administration, information services, accounting, internal audit, marketing services and treasury.

The orderly transfer of lending assets as permitted from Traders to Guaranty Trust was begun in 1979 to take advantage of the trust company's greater financial leverage and lower cost of deposit funds.

In 1979, \$75,000,000 in retail and wholesale automobile financing receivables was transferred to Guaranty Trust together with Traders personnel experienced in this field, which Traders helped pioneer in Canada. Guaranty Trust is the first Canadian trust company to offer a complete automobile dealer financing package.

In the future, we contemplate moving further finance company portfolios such as residential mortgages and land development as permitted under the Trust Companies Act. We anticipate amendments to the Act which will provide expanded investment and lending powers, increased leverage limits and reduced capital base constraints on allowable deposits, to place trust companies in a more favourable position with other financial institutions.

It is to be hoped that when Parliament reconvenes, the Trust Companies Act and a new Bank Act will be passed quickly, thus eliminating the uncertainty which has permeated the entire financial services industry for the past three years. This would permit financial institutions to develop their future programs with a greater degree of certainty.

It is difficult to forecast the Canadian economy in 1980 because of unsettled world conditions. At the moment we expect some increase in inflation and unemployment and a decline from 1979 levels in real Gross National Product, consumer demand, and housing starts.

The Canadian dollar should strengthen as more firms raise funds abroad, moderating demand for funds from Canadian financial markets. This would lead to declining interest rates with a significant reduction in short term rates although long term rates may rise from present levels. Notwithstanding the fact that severe rate competition will continue in the financial services field, such a reduction in interest rates would substantially benefit the Company's lending portfolios.

There are, however, several hazards. The forecast decline in U.S. business activity and minimum growth could be reversed if fueled by the possibility of significantly higher levels of defence spending. Such a development would raise their rate of inflation and cause higher interest rates as government and industry compete for needed investment funds for expansion. Should this occur, Canadian rates, which reflect those of the United States, would be affected similarly.

While we continue to be optimistic in our outlook for lowered short term interest rates, it will be several months before the trend for the year will become apparent.

In the meantime, the Company's emphasis will continue to be placed on operating efficiencies and sound portfolio management, which together with the increased level of earning assets arising from more effective marketing programs, should place the lending portfolios in a

favourable position when, ultimately, interest rates reduce to more normal levels.

In 1980, Guaranty Trust will launch its Visa Chargex program, initially to existing customers. The Company considers this additional service to be extremely beneficial not only in expanding its consumer services, but also essential to the inevitable moves into other electronic funds services.

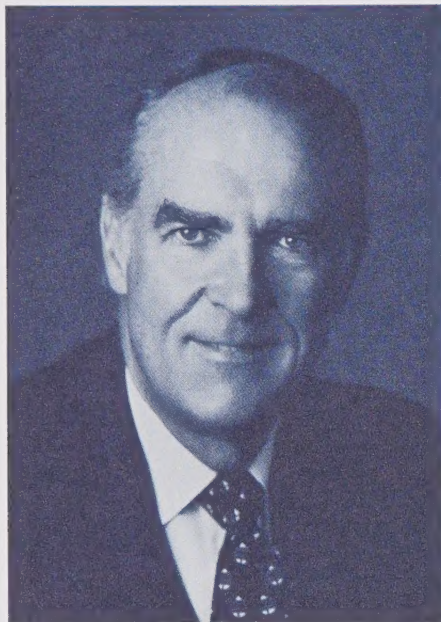
I thank our three retiring directors, Mr. H. E. Dynes, Mr. J. C. Lockwood and Mr. G. C. MacDonald for their invaluable contribution during their years of service as members of the Company's Board of Directors. Mr. Dynes, an employee of the Company for 39 years and a director since 1967, Mr. Lockwood a director since 1973 and Mr. MacDonald since 1970 will be missed. The Board also accepted with regret the resignation of His Honour Judge W. J. Shea, upon his appointment as County Court Judge for the district of Thunder Bay.

The year 1979 was one of transition for the Company in laying the groundwork for a broadly-based integrated financial services organization. I thank the Board of Directors for their counsel and support as well as all the management and staff for their outstanding contribution during this time of trying business climate and changes within the Company.



Alan R. Marchment
Chairman of the Board and
Chief Executive Officer

Review of Operations—Consumer and Real Estate Services



E. W. Flanagan
President

CONSUMER SERVICES

Branch Deposit Operations

Total deposits in Guaranty Trust gained 17 per cent to \$1,795,982,000 at December 31, 1979. Demand deposits and time deposits increased by 19 per cent to \$610,896,000. The average rate paid on these deposits rose to 8.5 per cent from 5.9 per cent in 1978.

Term deposits with maturities from six months to five years rose by 16 per cent to \$1,185,086,000. The average rate paid was 9.7 per cent compared with 9.4 per cent in 1978.

Within the deposit categories, tax sheltered deposits, including registered retirement savings plans, registered home ownership savings plans and income averaging annuities continued to show the fastest growth rate with total outstandings of \$200,477,000, a 54 per cent increase.

Three new retail branches were opened in Toronto during 1979, bringing the trust company's total to 52. Branches were moved to more favourable locations in Vancouver and to the prestigious Gulf Canada Square complex in Calgary, while major renovations were completed in four cities. Further upgrading of facilities and expansion is planned for 1980.

Guaranty Plan Consumer Loans

The Guaranty Plan consumer loan receivables outstanding increased 33 per cent to \$162,855,000. Despite rising interest rates, competition restricted commensurate loan rate increases so that the average yield remained unchanged at 12.5 per cent.

Delinquencies were reduced to 1.6 per cent of receivables outstanding, while credit losses declined to .5 per cent of receivables from .6 per cent the previous year. The allowance for credit losses was .7 per cent of outstandings at the year end.

Sales Finance

Guaranty Trust is the first Canadian trust company to offer a complete automobile dealer financing package.

During the year \$75,000,000 in wholesale and retail automobile receivables was purchased from Traders Group Limited. Automobile Sales Financing was introduced by Guaranty Trust in 13 specialized Dealer Services marketing districts in New Brunswick, Quebec and Western Canada.

Automobile and recreational vehicle financing achieved a satisfactory increase to \$85,988,000 comprised of \$41,180,000 of retail accounts and \$44,808,000 of wholesale accounts.

Delinquencies and credit losses were maintained at acceptable levels.

Personal Loans

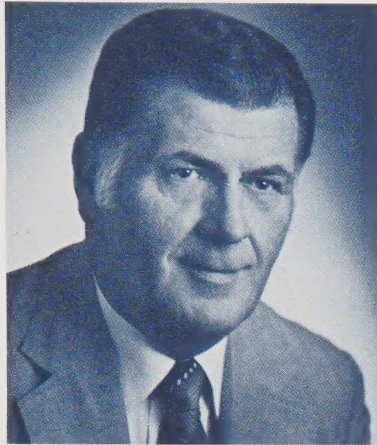
The 235 branches of Trans Canada Credit Corporation Limited continue to service adequately the major Canadian consumer finance markets. Thirty-three branches were merged during the year, completing the consolidation begun in 1978.

Branch operating and supervisory personnel were reduced by 12 per cent which, together with other stringent expense controls, resulted in substantial reductions in overhead.

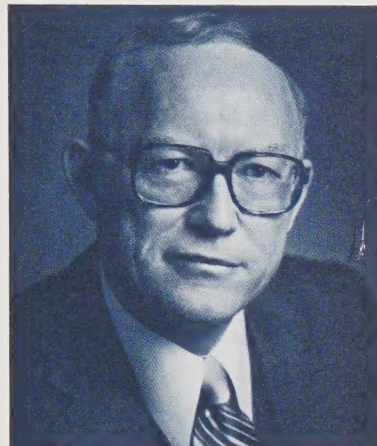
Residential mortgages in the Finance Group increased \$40,876,000 to \$224,878,000. Cash lending receivables reduced by \$5,233,000 to \$246,176,000.

The revolving credit portfolio comprised largely of revolving credit card receivables from building supply dealers increased 58 per cent to \$17,962,000. Two additional branches were opened bringing the total to eleven. The carry-forward effect of several large retail chains acquired during the year should improve future profit contribution from this source.

The substantial growth in mortgages and revolving credit was offset by the reduction in cash lending receivables and the sale of approximately \$75,000,000 in sales finance receivables to Guaranty Trust. As a result, outstanding consumer



J. D. Derbyshire
Senior Vice President
Consumer Financial Services



G. D. Wallace
Senior Vice President
Real Estate and Land Development

loans of the finance group were \$15,984,000 less than 1978.

The quality of receivables was considerably enhanced by more selective credit granting and increased collection activity which were reflected in a substantially reduced delinquency level. Accordingly, net credit losses declined by \$2,594,000 to \$9,659,000 for personal loans.

Personal Trust Services

The book value of Retirement Savings Plans under administration by Guaranty Trust rose 31 per cent to \$531,612,000. While Self-administered Plans represent the largest portion at \$300,763,000, excellent gains were achieved in the Guaranteed Investment Certificate-Retirement Savings Plan. This GIC-RSP plan which provides term deposits at current company GIC rates with no fees, increased \$64,000,000 to a total of \$103,000,000.

Fees and commissions from Investment Fund Services increased to \$3,400,000.

Gross income from Estate, Trust and Agency Services rose 17 per cent to \$2,700,000. Trust-Aid II, the on-line computer system linking the ten Estate, Trust and Agency offices across Canada has played an important role in cost control, improved efficiency and customer service. This system provides substantial capacity for expansion.

REAL ESTATE SERVICES

In Management's opinion, the successful real estate and land development company of the future will be one with a fully integrated group of real estate services. The major components would include the ability to provide professional realty sales services, land assembly, planning, full servicing, development and property management, as well as the resources to finance medium to large projects. With this objective, the funding capacity, real estate sales organization and property management personnel of Guaranty Trust were integrated with the Land Development Division of Traders.

Land Development

The land development operations of Traders Developments Limited and Forest Glenn (Dixie) Limited contributed \$3,471,000 compared with a net income of \$3,267,000 in 1978. Sales amounted to \$16,446,000 compared with \$17,311,000.

The inventory of land was increased to over 3,500 acres at fiscal year end from 2,700 acres the previous year. Notable was the entry into a joint venture with S. B. McLaughlin Associates Limited forming Traders Associates, which added 2,200 acres of prime industrial and residential land in rapidly growing Mississauga, Ontario. The initial development of 430 acres of industrial park should commence this summer.

Two projects in close proximity to Edmonton have had excellent reception, while plans are proceeding for the large Clareview Town Centre in the City of Edmonton.

Nearly 600 lots were sold during the year in Windsor and Edmonton. Serviced lots are expected to be ready for sale in the Company's Ancaster, Ontario subdivision later in the year.

Property Management

The property management operations expanded to Hamilton and Ottawa through the acquisition of two property portfolios. Further acquisitions and new management contracts are being actively pursued.

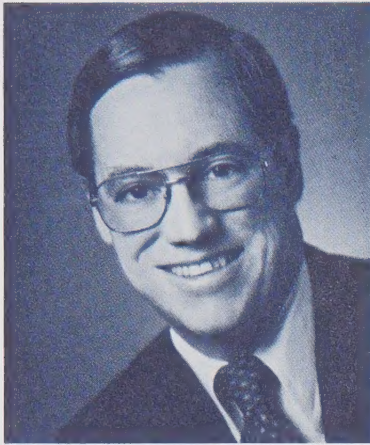
Real Estate Sales

Guaranty Trust Realtor, the real estate sales arm, increased gross income, unit sales and listings during 1979.

Residential resales declined in the final three months of the year, as record high interest rates pushed mortgage rates to levels unacceptable to home buyers.

The sales force was expanded and two new branches were opened in Kitchener and Thunder Bay, Ontario. The residential market is expected to strengthen as mortgage rates ease somewhat during 1980.

Review of Operations—Corporate Financial Services



M. A. Hasley
Senior Vice President
Corporate Financial Services

Corporate Lending and Leasing

During 1979, the business financing operations of Guaranty Trust and Traders were merged and joint marketing programs were initiated. This unified organization provides greater flexibility and options for corporate borrowers.

In total, the combined commercial lending portfolios increased 13 per cent to \$381,204,000 of which \$321,722,000 is carried in the Finance Group and the balance in Guaranty Trust. The average yield was 13.6 per cent compared with 13.1 per cent in 1978.

The corporate loans in Guaranty Trust increased 35 per cent to \$59,482,000. As a result of the growing economic activity in Western Canada, a corporate lending office was opened in Calgary.

The equipment financing for end-users increased 28 per cent to \$153,000,000. Delinquencies declined and credit loss expense was maintained at a very acceptable level.

A special marketing team was introduced to service exclusively the financial needs of manufacturers and distributors of capital equipment. As a result, receivables outstanding rose 74 per cent to more than \$39,000,000.

The lease portfolio declined 8 per cent to \$142,000,000, largely as the result of earlier tax revisions which reduced or eliminated the previous advantages of this type of financing for large corporate borrowers.

Further expansion of the business financing portfolios is expected as the result of the new organization and a reasonable capital spending outlook.

Mortgages

The expanded Guaranty Trust mortgage division achieved record levels of advances and outstandings. Advances of more than \$300,000,000 for guaranteed and trust clients represent a 15 per cent increase. The guaranteed residential mortgage portfolio increased approximately 13 per cent to \$1,085,064,000 at December 31, 1979. The commercial/industrial mortgage portfolio increased 69 per cent to \$180,981,000.

Even with this expansion there has been no deterioration in the number of delinquent accounts and credit losses totalled only \$31,000 for the year.

Corporate Trust Services

Pension, stock transfer and corporate trust fees and commissions rose 47 per cent to \$4,400,000.

The Pension Services area registered a 58 per cent gain in assets under administration to \$388,000,000. The pooled pension fund increased 57 per cent to \$97,000,000 and continued to rank in the top 25 per cent of other funds in Canada on a total fund basis.

Development of "Master Trust", an electronic accounting system for corporate clients who have more than one investment manager is in process. This facility, when implemented later in the year, will be the first in Canada.

Gross income from Transfer Services increased 48 per cent to \$3,100,000 with the number of certificates issued increasing 94 per cent and dividends processed 53 per cent.

Transfer Services offices were opened in St. John's and Halifax. During 1980, F.A.S.T. (Fully Automated Stock Transfer) system is expected to be expanded to include Edmonton and Winnipeg and be in a position to provide for the automatic reinvestment of dividends.

An on-line computer system was introduced for all debt issues under trusteeship which has the capacity to add a large number of debt issues to its trusteeship portfolio.

Securities and Money Market

Cash and bank deposit receipts of Guaranty Trust were reduced to \$200,237,000 from \$241,941,000. Of this amount, \$137,681,000 was matched against a like amount of time deposits producing an increased spread.

The bond portfolio was reduced by \$32,841,000 to \$52,844,000 as a result of normal maturities, the exercising of the retractable feature of several issues and continued disposal of low yielding bonds.

Investments in stocks were increased by \$8,478,000 to \$80,574,000 largely in floating rate preferred issues.

Factoring

During 1979 Aetna Financial Services Limited factoring volume and loan demand increased substantially and total revenue increased 36 per cent to \$14,663,000. However, generally depressed economic conditions and slower turnover, coupled with high borrowing costs, adversely affected a significant portion of Aetna's clients. In addition, unseasonably mild weather conditions seriously impacted on certain clients in the winter recreational products field. The resulting high credit losses offset earlier gains and caused a loss for the year. Traders share of this loss amounted to \$2,591,000.

International Operations

Traders Finance S.A. and subsidiaries which conduct corporate lending and leasing overseas, showed improvement in 1979, with net income increasing to \$887,000.

Although the condition of receivables which increased to \$36,271,000 is assessed as being improved, it was considered prudent to increase general reserves for credit losses to \$2,461,000 from \$1,944,000 a year earlier.

This division will continue to consolidate its portfolio replacing expiring contracts with selected quality investments.

Review of Operations—Insurance Services



R. E. Bethell
President and Chief Executive Officer
Canadian General Insurance Group

CANADIAN GENERAL INSURANCE COMPANY TORONTO GENERAL INSURANCE COMPANY TRADERS GENERAL INSURANCE COMPANY CANADIAN GENERAL LIFE INSURANCE COMPANY

Canadian General Insurance Group contributed \$4,192,000 to the net income of Traders Group Limited in 1979, a gain of \$637,000 or 18 per cent compared with 1978.

Income

During the year both the general companies and life company recorded substantial increases in the volume of gross written premiums.

The life company achieved a 36 per cent increase in premium volume to \$15,103,000. Included in this premium income was the first full year of coverage for the finance company's optional consumer loan and mortgage creditor insurance program.

The general companies' gross written premiums increased 25 per cent to \$98,046,000. These companies experienced increased volumes in all areas of their operations.

The insurance group experienced a substantial increase in investment income as a result of the higher interest rates during the year as well as increased premium income. In addition, substantial gains were realized from the sale of securities.

Claims

The claims ratio deteriorated during the year as a result of depressed premium rate levels which did not keep pace with the increased cost of claims. Premium rates were kept down in part as a result of the carry forward effect of the prior Anti-Inflation Board rulings which in some cases extended into 1979, as well as severe rate competition caused by a rapid growth in market capacity with the entry of overseas insurers into the Canadian market. This has resulted in premium rate cutting as these companies seek to become established.

Expenses

Although salaries, premises costs and other administration expenses were well controlled, both commissions and premium taxes increased with the higher premium income.

Systems

The Policy Management System (P.M.S.) on-line computer system will eventually connect all branches and Head Office, and in addition to cost efficiency, will provide instant detailed customer and agency premiums and claims data as well as management information. Later in 1980, it is anticipated that automobile policies will be added to the system, which presently contains much of the company's habitation policy data.

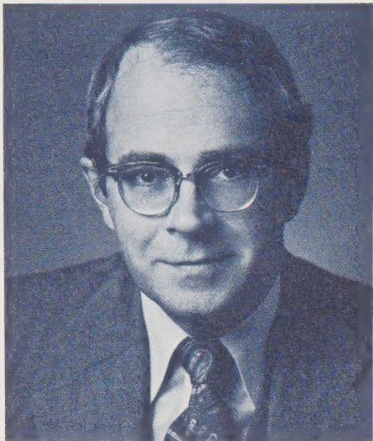
As P.M.S. becomes more fully utilized, a further reduction in the expense ratio of the Company is expected.

Outlook

Rate increases in a number of lines have already been taken and will start to have some beneficial impact in 1980. However, it is quite apparent that even further increases will be necessary in order to return the industry to a more profitable level.

The excess capacity which is presently creating a severe competitive climate together with a forecasted declining income from investment will exert pressure on profit margins.

Review of Operations—Finance and Administration



E. A. Fricker
Senior Vice President
Finance and Administration

Treasury—Traders Group Limited

Dividends paid during 1979 were \$1.25 per common share, unchanged from the previous year. The January 1980 payment was the 127th consecutive quarterly dividend.

Warrants issued to 1969 Series B preferred shareholders expired October 31, 1979. The exercising of 237,802 warrants at \$13.00 provided \$3,091,000 of new capital.

Amendments to the Company's Trust Deed for Senior Secured Notes took effect March 27, 1979. These amendments permit greater flexibility, notably the reduction of restrictions limiting the growth of Guaranty Trust.

Average short term notes outstanding were \$264,000,000 compared with \$193,000,000 in 1978. The average placement rate increased to 11.98 per cent compared with 8.71 per cent. Medium term debt outstandings averaged \$53,000,000 compared with \$63,000,000 in 1978.

Sales of mid-term Senior Secured Notes were \$60,822,000 at an average placement rate of 12.81 per cent with an average term of 17 months compared with \$25,000,000 at 9.57 per cent for 28 months a year earlier.

Total bank lines of credit amounted to \$415,000,000 at December 31.

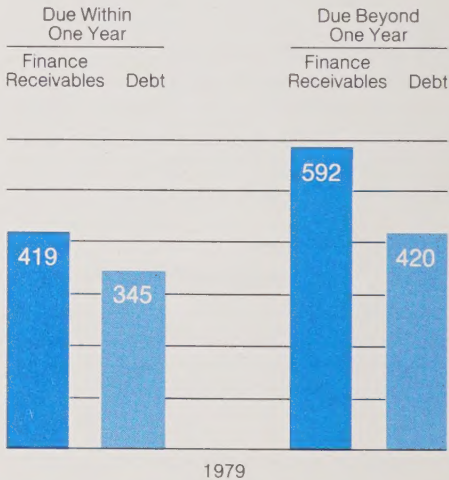
The level of short-term financing has been kept at high levels in anticipation of transfers of assets from Traders to Guaranty Trust as permitted under revised Trust Companies legislation. As transfers are made, trust company funds will be used to purchase Traders receivables enabling the Company to retire its short term debt.

Computer Systems

During 1979, arrangements were concluded with the Canada Systems Group, to assume the computer processing services for the Company and its subsidiaries. This provides improved security, avoidance of continual upgrading of hardware and improved controls. Reduced operating costs will enable the Company to accelerate its development capability and enhance its ability to respond to future data processing demands.

The development of a sophisticated on-line banking service, by Guaranty Trust in partnership with other leading trust companies is nearing completion. The conversion of branches to this system will commence this spring.

Development of an advanced mortgage accounting and reporting system is also nearing completion and is expected to be introduced in the Toronto area in the fall of 1980.



Maturities of Debt vs. Maturities of Finance Receivables (\$ millions)

Principles of Consolidation:

The consolidated financial statements include the accounts of all subsidiaries. Financial data covering the Company's significant business segments are included in the summarized financial information of subsidiaries which is an integral part of the consolidated financial statements.

In 1979, the financial statements of the subsidiary companies, Guaranty Trust Company of Canada and Canadian General Insurance Group, are consolidated with those of the Company whereas in prior years, they were accounted for by the equity method. This recognizes the closer inter-relationship which now exists within the management and operations of the trust, finance and insurance groups although the respective assets are regulated and are not freely interchangeable.

The comparative figures for 1978 have been restated to reflect this change. The net income and retained earnings are unchanged since under the equity method previously used, the Company's share of the subsidiaries' net income was included therein.

Associated Companies and Joint Ventures:

The Company and certain subsidiaries hold up to 50% of the equity shares in a number of companies, and also participate in certain real estate joint ventures. The investments in associated companies are accounted for on an equity basis. The Company's proportionate share of the individual assets, liabilities, income and expenses of joint ventures is included in the consolidated financial statements.

Foreign Exchange:

Foreign currency receivables and debt of the Company due within one year are translated to Canadian dollars at either the exchange rate at balance sheet date or at forward contract rates where such contracts have been made. Foreign currency receivables and debt of the Company due beyond one year are included in the consolidated financial statements at the Canadian dollar amount received at date of issue.

Foreign cash balances of the Company are translated to Canadian dollars at the exchange rate at balance sheet date.

The financial statements of foreign subsidiaries have been translated to Canadian dollars at the exchange rate in effect at the balance sheet date.

Realized gains or losses arising from market fluctuations are reflected in current operations, while those arising from revaluation of currencies are recorded as extraordinary items.

Income Taxes:

Income taxes are provided on the tax allocation basis which relates income taxes to the accounting income for the year. Income taxes deferred to future years arise principally from direct financing lease contracts and from claiming a mortgage reserve for tax purposes.

The Company's income tax provisions vary with the amount of after-tax dividend income it receives from Canadian corporations.

Significant Accounting Policies (Continued)

Depreciation and Amortization:

Property and equipment are carried at cost and depreciated over estimated productive lives or terms of the lease using various rates and methods.

Trust Company Accounting:

Securities are stated at amortized cost except for corporate notes and stocks which are stated at cost. Loans are stated at cost less any provision for losses which management consider necessary in the circumstances.

Income is recorded on an accrual basis. Discounts or premiums on the purchase of government bonds are amortized on a yield to maturity basis. Discounts or premiums on the other bonds and loans are amortized on a straight-line basis over the term to maturity.

Realized gains or losses on investments are included in the statement of income.

The Company follows accrual accounting for all corporate services it provides including the stock transfer agency business. Accrual accounting is also followed for most fees arising from the estate, trust and agency business.

Finance Accounting:

Unearned income on direct financing lease contracts and certain long term instalment contracts is computed on an actuarial yield basis. Unearned income on other instalment contracts is computed by the sum of the digits method. Income from interest bearing loans is recorded on an accrual basis.

Insurance Accounting:

Bonds and mortgages are stated at amortized cost. Stocks are stated at cost. Cost of investments is reduced by the amount considered to be permanently impaired and such write-down is charged to income in the year of recognition. Gains or losses are recognized in income when realized.

Unearned premiums are taken into income over the term of the policies, on a semi-monthly basis.

Commission and premium taxes which approximate 20% of premiums written are deferred. These costs are amortized over the life of the policy and are recoverable on a pro rata basis in the event of policy cancellation.

Reinsurance premiums ceded are recorded as a reduction of gross premiums. Net premiums earned are determined after deducting the reinsurance earned on a pro rata basis. Claims recoverable from reinsurers are deducted from gross claims incurred. Commissions received from reinsurers are deducted from gross commissions paid to agents. In the case of reinsurance contracts where the premium or commission rate is subject to its loss experience, the insurance subsidiary records its liability at the estimated ultimate rate.

The provision for claims in the course of settlement is based on estimates of the net loss and related expenses for investigating and settling claims. Losses incurred but not reported are determined by estimating the liability based on past results. Anticipated salvage and subrogation recoveries are not recorded until received in cash.

Land Development Accounting:

Income on land sales is recorded after all material conditions have been fulfilled and at least 15% of the sale price has been received in cash.

Land is carried at the lower of cost including direct carrying charges (primarily interest and realty taxes) and development costs to date, and estimated realizable value.

Consolidated Statement of Income

Year ended December 31	1979	1978
Gross income		
Trust company loan, investment and fee income	\$194,518,000	\$155,128,000
Finance charges and related income	143,847,000	134,223,000
Insurance premiums and investment income	103,652,000	84,017,000
Land development sales and other income	19,185,000	19,309,000
Gain on sale of investments	1,298,000	350,000
	462,500,000	393,027,000
Expenses		
Interest expense—trust	152,838,000	115,673,000
—finance and land	79,728,000	64,738,000
	232,566,000	180,411,000
Insurance claims	68,686,000	51,259,000
Insurance commissions and premium taxes	18,195,000	14,759,000
Cost of land sales	11,862,000	12,020,000
Credit losses	21,121,000	18,602,000
Salaries and staff benefits	53,143,000	50,581,000
Premises including depreciation	11,121,000	10,273,000
Other expenses	36,329,000	32,847,000
	453,023,000	370,752,000
Income before income taxes and minority interest	9,477,000	22,275,000
Income taxes—current	2,562,000	5,604,000
—deferred	(2,435,000)	1,740,000
	127,000	7,344,000
Net operating income	9,350,000	14,931,000
Minority interest and consolidation adjustments	(889,000)	920,000
Net income for the year	\$ 10,239,000	\$ 14,011,000
Available for		
Preferred shares	\$ 2,614,000	\$ 2,661,000
Common shares	7,625,000	11,350,000
	\$ 10,239,000	\$ 14,011,000
Earnings per common share	\$ 1.54	\$ 2.32
Weighted average number of common shares outstanding after inter-company elimination	4,941,000	4,884,000

Consolidated Balance Sheet

December 31	1979	1978
Assets		
Trust		
Cash and investments.	\$ 354,278,000	\$ 415,457,000
Loans.	1,574,370,000	1,230,095,000
	1,928,648,000	1,645,552,000
Finance		
Cash	6,796,000	9,901,000
Receivables, including \$419,428,000 due within one year (1978—\$436,145,000).	996,221,000	992,143,000
	1,003,017,000	1,002,044,000
Insurance		
Cash and investments.	136,412,000	121,393,000
Premiums receivable and deferred acquisition costs	23,429,000	18,215,000
	159,841,000	139,608,000
Land development		
Mortgages receivable	16,661,000	13,580,000
Land inventory	64,545,000	28,461,000
	81,206,000	42,041,000
Investments in associated companies and other investments	5,706,000	4,035,000
Fixed assets, at cost less accumulated depreciation and amortization	16,012,000	13,429,000
Other assets	21,358,000	19,504,000
	\$3,215,788,000	\$2,866,213,000

Auditors' Report

To the Shareholders of Traders Group Limited:

We have examined the consolidated balance sheet of Traders Group Limited as at December 31, 1979 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination of Traders Group Limited and those subsidiaries of which we are the auditors was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances. We have relied on the report of the auditors who have examined the financial statements of Aetna Financial Services Limited and subsidiary. The assets of these companies, as included in the consolidated balance sheet amounted to 2.4 per cent of the total consolidated assets.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1979 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect for 1978 to the change in accounting from an equity to a consolidation basis for the subsidiary companies referred to in Note 2 to the financial statements, on a basis consistent with that of the preceding year.

Toronto, February 4, 1980.

PRICE WATERHOUSE & CO.
Chartered Accountants

December 31	1979	1978
Liabilities		
Trust		
Savings and chequing accounts	\$ 473,215,000	\$ 435,127,000
Time deposits	137,681,000	78,276,000
Guaranteed investment certificates	1,185,086,000	1,024,204,000
	<u>1,795,982,000</u>	<u>1,537,607,000</u>
Finance		
Debt (Note 3)	764,236,000	729,697,000
Unearned finance charges	120,374,000	127,494,000
	<u>884,610,000</u>	<u>857,191,000</u>
Insurance		
Claims in course of settlement	68,432,000	57,307,000
Unearned premiums	46,264,000	38,330,000
	<u>114,696,000</u>	<u>95,637,000</u>
Land development		
Bank loans and mortgages payable (Note 3)	54,483,000	23,677,000
Accounts payable and accrued expenses	146,985,000	132,148,000
Deferred income taxes	43,438,000	46,700,000
Minority interest (including Trust company preference shares)	20,257,000	21,824,000
Shareholders' equity (Note 3)		
Preferred shares	34,062,000	34,716,000
Common shares	64,465,000	61,374,000
	<u>98,527,000</u>	<u>96,090,000</u>
Retained earnings	84,859,000	83,388,000
	<u>183,386,000</u>	<u>179,478,000</u>
Elimination of inter-company holdings	(28,049,000)	(28,049,000)
	<u>155,337,000</u>	<u>151,429,000</u>
	<u>\$3,215,788,000</u>	<u>\$2,866,213,000</u>

The accompanying notes form an integral part of the consolidated financial statements.

Approved by the Board:

A. R. Marchment, Director

I. R. Gerstein, Director

Consolidated Statement of Retained Earnings

Year ended December 31	1979	1978
Balance at beginning of year	\$ 83,388,000	\$ 78,510,000
Adjustments arising during the year—		
Change in holdings in subsidiaries.	20,000	44,000
Amortization of cost of issuing preferred shares, net of gain on redemption	25,000	25,000
Cost of issuing Trust company preference shares (net of income tax).	—	(436,000)
	83,433,000	78,143,000
Net income for the year	10,239,000	14,011,000
Less dividends on preferred shares—		
4½%	136,000	135,000
5%	58,000	58,000
5%, Series A	71,000	82,000
\$2.16, Series B.	422,000	434,000
10¼%	768,000	768,000
7.5%	1,159,000	1,184,000
	2,614,000	2,661,000
Earnings available for common shares	7,625,000	11,350,000
Less dividends on common shares, net of inter-company holdings (1979 and 1978—\$1.25 per share)	6,199,000	6,105,000
Earnings retained for the year	1,426,000	5,245,000
Balance at end of year of which \$4,700,000 is designated as capital surplus under the Canada Corporations Act.	\$ 84,859,000	\$ 83,388,000

Consolidated Statement of Changes in Financial Position

Year ended December 31

	1979	1978
Funds provided by:		
Operations:		
Net income	\$ 10,239,000	\$ 14,011,000
Add non cash items:		
Depreciation and amortization	1,990,000	1,642,000
Deferred income taxes	(2,435,000)	1,740,000
	<u>9,794,000</u>	<u>17,393,000</u>
Proceeds from issue of Trust company preference shares	—	14,556,000
Proceeds from issue and redemption of shares of the Company	2,437,000	(718,000)
Net increase in:		
Trust company deposits	258,375,000	228,307,000
Finance debt	34,538,000	26,229,000
Land development debt	30,806,000	9,118,000
Insurance claims in course of settlement	11,125,000	13,338,000
Unearned insurance premiums	7,934,000	7,459,000
Other	8,964,000	19,342,000
	<u>\$363,973,000</u>	<u>\$335,024,000</u>
Funds applied to:		
Dividends	\$ 8,813,000	\$ 8,766,000
Repayment by Trust company of subordinated shareholder loans	—	5,500,000
Addition to fixed assets	4,573,000	1,564,000
Net increase in:		
Trust company cash, loans and investments	283,096,000	245,293,000
Finance cash and receivables (net of unearned finance charges)	8,093,000	35,713,000
Insurance cash, investments and other	20,233,000	24,943,000
Land development inventory and mortgages	39,165,000	13,245,000
	<u>\$363,973,000</u>	<u>\$335,024,000</u>

Financial Information of Subsidiaries

Guaranty Trust Company of Canada

Statement of Income

Year ended December 31

	1979	1978
Gross income		
Interest from mortgage and other loans	\$ 141,626,000	\$ 112,362,000
Interest and dividends from securities and bank deposit receipts	35,652,000	28,628,000
Real estate fees and commissions	5,456,000	4,770,000
Other fees and commissions	11,784,000	9,368,000
	<u>194,518,000</u>	<u>155,128,000</u>
Expenses		
Interest on deposits and subordinated shareholder loans . .	152,838,000	115,673,000
Credit losses	1,289,000	982,000
Salaries and staff benefits	18,765,000	15,741,000
Premises including depreciation and amortization	4,285,000	3,318,000
Real estate commissions paid	3,921,000	3,416,000
Other expenses	11,645,000	9,797,000
	<u>192,743,000</u>	<u>148,927,000</u>
Income before income taxes	1,775,000	6,201,000
Income taxes deferred	(1,997,000)	987,000
Net operating income	<u>3,772,000</u>	<u>5,214,000</u>
Net gain on investments, less applicable income taxes	26,000	152,000
Net income before minority interest	3,798,000	5,366,000
Minority interest and consolidation adjustments	791,000	742,000
Net contribution to Traders	<u>\$ 3,007,000</u>	<u>\$ 4,624,000</u>

Summary Balance Sheet

December 31

	1979	1978
Assets		
Investments		
Cash and bank deposit receipts	\$ 200,237,000	\$ 241,941,000
Securities and loan income due and accrued	20,623,000	15,735,000
Securities (Note 7)	133,418,000	157,781,000
Loans		
Consumer	162,855,000	122,708,000
Corporate	59,482,000	44,115,000
Sales finance	85,988,000	—
Mortgages	1,266,045,000	1,063,272,000
	<u>1,574,370,000</u>	<u>1,230,095,000</u>
	<u>1,928,648,000</u>	<u>1,645,552,000</u>
Premises, leasehold improvements and equipment, at cost less accumulated depreciation and amortization of \$7,450,000 (1978—\$6,514,000)	9,902,000	7,095,000
Other assets	11,909,000	9,703,000
	<u>\$1,950,459,000</u>	<u>\$1,662,350,000</u>
Liabilities		
Deposits		
Savings and chequing accounts	\$ 473,215,000	\$ 435,127,000
Time deposits	137,681,000	78,276,000
Guaranteed investment certificates	1,185,086,000	1,024,204,000
	<u>1,795,982,000</u>	<u>1,537,607,000</u>
Interest accrued and other payables	57,140,000	40,849,000
Unearned finance charges	5,192,000	—
Deferred income taxes	2,518,000	5,342,000
Minority interest (primarily preference shares)	15,759,000	16,653,000
Traders investment, at equity value	73,868,000	61,899,000
	<u>\$1,950,459,000</u>	<u>\$1,662,350,000</u>

Financial Information of Subsidiaries

Finance Group*
Statement of Income

Year ended December 31	1979	1978
Gross income		
Consumer	\$ 90,913,000	\$ 91,914,000
Commercial	32,628,000	27,488,000
Factoring	14,662,000	10,723,000
International	4,662,000	3,340,000
Other	982,000	758,000
	<u>143,847,000</u>	<u>134,223,000</u>
Expenses		
Interest expense—		
Secured debt of the Company		
Short term	32,467,000	17,730,000
Medium and long term	28,928,000	30,296,000
Debt of subsidiaries	5,079,000	3,065,000
Unsecured debt of the Company	10,793,000	10,618,000
Other borrowing costs	1,573,000	2,242,000
	<u>78,840,000</u>	<u>63,951,000</u>
Credit losses—finance	12,534,000	14,553,000
—factoring	7,298,000	2,999,000
Salaries and staff benefits	26,591,000	27,519,000
Premises including depreciation	5,578,000	5,574,000
Other expenses	15,996,000	14,856,000
	<u>146,837,000</u>	<u>129,452,000</u>
Income (loss) before income taxes and minority interest	(2,990,000)	4,771,000
Income taxes—current	422,000	1,620,000
—deferred	(1,253,000)	453,000
	<u>(831,000)</u>	<u>2,073,000</u>
Net income (loss)	(2,159,000)	2,698,000
Minority interest in net income (loss) of consolidated subsidiaries	(1,728,000)	133,000
Net contribution	<u>(431,000)</u>	<u>2,565,000</u>
Equity share in net income of non-finance subsidiaries:		
Guaranty Trust Company of Canada	3,007,000	4,624,000
Canadian General Insurance Group	4,192,000	3,555,000
Land Development Group	3,471,000	3,267,000
Net income for the year	<u>\$ 10,239,000</u>	<u>\$ 14,011,000</u>

Summary Balance Sheet

December 31	1979	1978
Assets		
Cash (Note 9)	\$ 6,796,000	\$ 9,901,000
Receivables		
Finance, including \$419,428,000 due within one year (1978—\$436,145,000)		
Consumer	572,403,000	588,387,000
Commercial	321,722,000	296,823,000
Factoring	81,513,000	81,680,000
International	36,271,000	33,747,000
	<u>1,011,909,000</u>	<u>1,000,637,000</u>
Loans to associated companies	16,780,000	17,309,000
	<u>1,028,689,000</u>	<u>1,017,946,000</u>
Less: Allowance for credit losses	32,468,000	25,803,000
	<u>996,221,000</u>	<u>992,143,000</u>
Investments and advances:		
Investments in non-finance subsidiaries at equity value		
Guaranty Trust Company of Canada	73,868,000	61,899,000
Canadian General Insurance Group	30,685,000	29,022,000
Land Development Group	9,629,000	10,339,000
Investment in associated companies and other investments	3,271,000	2,671,000
	<u>117,453,000</u>	<u>103,931,000</u>
Fixed assets, at cost less accumulated depreciation of \$5,155,000 (1978—\$4,371,000)	3,792,000	4,032,000
Other assets	6,209,000	7,544,000
	<u>\$1,130,471,000</u>	<u>\$1,117,551,000</u>
Liabilities		
Accounts payable and accrued expenses	\$ 53,175,000	\$ 69,694,000
Unearned finance charges	120,374,000	127,494,000
Deferred income taxes	33,192,000	34,445,000
Debt (Note 3)	764,236,000	729,697,000
Minority interest in consolidated subsidiaries	4,157,000	4,792,000
Shareholders' equity	155,337,000	151,429,000
	<u>\$1,130,471,000</u>	<u>\$1,117,551,000</u>

*Includes the following subsidiary companies:
 Trans Canada Credit Corporation Limited
 Traders Homeplan Limited and subsidiary
 Traders Realty Limited
 Traders Finance Corporation (1966) Limited

Aetna Financial Services Limited and subsidiary
 Traders Finance S.A. and subsidiaries
 Traders Finance Corporation (1976) Limited

Financial Information of Subsidiaries

Canadian General Insurance Group*
Statement of Income

Year ended December 31	1979	1978
Gross written premiums	\$113,036,000	\$ 89,479,000
Reinsurance ceded	12,991,000	9,351,000
Net written premiums	\$100,045,000	\$ 80,128,000
Gross income		
Net earned premiums	\$ 92,117,000	\$ 75,685,000
Investment income	11,535,000	8,332,000
	103,652,000	84,017,000
Gain on sale of securities	1,272,000	198,000
	104,924,000	84,215,000
Expenses		
Claims	68,686,000	51,259,000
Commissions and premium taxes	18,195,000	14,759,000
Salaries and staff benefits	7,371,000	6,985,000
Premises including depreciation	1,130,000	1,298,000
Other expenses	4,096,000	4,165,000
	99,478,000	78,466,000
Income before income taxes	5,446,000	5,749,000
Income taxes—current	483,000	1,940,000
—deferred	723,000	209,000
	1,206,000	2,149,000
Net income before minority interest	4,240,000	3,600,000
Minority interest	48,000	45,000
Net contribution to Traders	\$ 4,192,000	\$ 3,555,000

Summary Balance Sheet

December 31	1979	1978
Assets		
Cash and short term investments	\$ 28,741,000	\$ 23,558,000
Bonds (market value 1979—\$59,546,000; 1978—\$55,011,000)	65,378,000	58,530,000
Stocks (market value 1979—\$24,155,000; 1978—\$17,774,000)	21,726,000	16,494,000
Mortgages	20,567,000	22,811,000
	136,412,000	121,393,000
Premiums receivable from agents and policyholders	16,854,000	11,913,000
Deferred acquisition costs	6,575,000	6,302,000
Other assets	3,240,000	2,257,000
Fixed assets, at cost less accumulated depreciation	2,258,000	2,255,000
	\$165,339,000	\$144,120,000
Liabilities		
Claims in course of settlement	\$ 68,432,000	\$ 57,307,000
Unearned insurance premiums	46,264,000	38,330,000
Provision for policy obligations	9,936,000	9,266,000
Accounts payable and accrued expenses	6,136,000	6,994,000
Deferred income taxes	3,545,000	2,822,000
Minority interest	341,000	379,000
Traders investment, at equity value	30,685,000	29,022,000
	\$165,339,000	\$144,120,000

*Includes the following subsidiary companies:
 Canadian General Insurance Company
 Toronto General Insurance Company

Traders General Insurance Company
 Canadian General Life Insurance Company.

Financial Information of Subsidiaries

Land Development Group*
Statement of Income

Year ended November 30	1979	1978
Gross income		
Sales	\$16,446,000	\$17,311,000
Other	1,159,000	1,021,000
	<u>17,605,000</u>	<u>18,332,000</u>
Equity share in net income of associated companies	1,580,000	977,000
	<u>19,185,000</u>	<u>19,309,000</u>
Expenses		
Cost of sales	11,862,000	12,020,000
Interest expense	888,000	787,000
Credit losses	—	68,000
Salaries and staff benefits	416,000	336,000
Premises including depreciation	128,000	83,000
Other expenses	671,000	613,000
	<u>13,965,000</u>	<u>13,907,000</u>
Income before income taxes	5,220,000	5,402,000
Income taxes—current	1,657,000	2,044,000
—deferred	92,000	91,000
Net contribution to Traders	<u>\$ 3,471,000</u>	<u>\$ 3,267,000</u>

Summary Balance Sheet

November 30	1979	1978
Assets		
Mortgages receivable	\$16,661,000	\$13,580,000
Land inventory	64,545,000	28,461,000
Investments in associated companies	2,435,000	1,364,000
Fixed assets, at cost less accumulated depreciation	60,000	47,000
	<u>\$83,701,000</u>	<u>\$43,452,000</u>
Liabilities		
Bank indebtedness	\$ 276,000	\$ 2,065,000
Accounts payable and accrued expenses	11,755,000	3,280,000
Debt (Note 3)		
Bank loans	48,732,000	14,500,000
Mortgages payable	5,751,000	9,177,000
	<u>54,483,000</u>	<u>23,677,000</u>
Deferred income taxes	4,183,000	4,091,000
Advance from associated companies	3,375,000	—
Traders investment, at equity value	9,629,000	10,339,000
	<u>\$83,701,000</u>	<u>\$43,452,000</u>

*Includes the following subsidiary companies:
 Forest Glenn (Dixie) Limited
 Traders Developments Limited
 Les Développements Val-Forêts Ltée.

Associated Companies and Joint Ventures:
 Traders Associates
 Verity Investments Limited
 Albion Road Estates Limited

1. Accounting policies:

The significant accounting policies followed by the Company and its subsidiaries as outlined on pages 9 and 10 are an integral part of these financial statements.

2. Consolidation:

In 1979 the financial statements of the subsidiary companies, Guaranty Trust Company of Canada and Canadian General Insurance Group, are consolidated with those of the Company whereas in prior years they were accounted for by the equity method. This recognizes the closer inter-relationship which now exists within the management and operations of the trust, finance and insurance groups although the respective assets are regulated and are not freely interchangeable.

The comparative figures for 1978 have been restated to reflect this change. The net income and retained earnings are unchanged since under the equity method previously used, the Company's share of the subsidiaries' net income was included therein.

3. Capitalization:

Details of the secured and unsecured debt and capital position are included in the Capitalization Schedule on pages 22, 23 and 24.

4. Commitments and contingencies:

- (i) The Company and its subsidiaries in the normal course of business, have guaranteed letters of credit and bank loans on behalf of customers, and bank loans of associated companies, in the aggregate amount of \$20,700,000 at December 31, 1979.
- (ii) A factoring subsidiary is being sued for damages of \$25,000,000 for alleged misconduct of certain of its employees. Legal counsel advises that this action has no merit.

5. Foreign exchange:

Debt of the Company due beyond one year in foreign currencies is carried at the Canadian funds received at date of issue. The total Canadian dollar liability on such notes at current rates of exchange at December 31, 1979 is greater than the Canadian funds received at date of issue, indicating a contingent future foreign exchange loss of approximately \$10,700,000. Foreign exchange conditions in the future could alter this position materially.

6. Remuneration of directors and officers:

The aggregate direct remuneration paid to the directors and senior officers of the Company during the year ended December 31, 1979 was:

	As directors		As officers	
	Number	Amount	Number	Amount
Paid by the Company	20	\$60,000	19	\$839,000
Paid by subsidiaries	18	53,000	7	453,000

Two officers were also directors of the Company.

TRUST COMPANY

7. Securities:

	<u>1979</u>	<u>1978</u>
Government of Canada and Provinces of Canada	\$ 44,531,000	\$ 59,864,000
Corporate notes	—	4,911,000
Other securities:		
Municipal	1,689,000	2,461,000
Corporation bonds and debentures	6,624,000	18,449,000
Stocks	80,574,000	72,096,000
(Market value 1979—\$86,193,000; 1978—\$92,265,000).	88,887,000	93,006,000
	<u>\$133,418,000</u>	<u>\$157,781,000</u>

8. Guaranteed Trust Account:

Included in the balance sheet are assets and liabilities of the guaranteed trust account of \$1,854,784,000 (1978—\$1,576,229,000).

FINANCE

9. Cash:

Cash includes \$267,000 (1978—\$2,600,000) in balances in U.S. banks maintained in accordance with agreements for lines of credit with these banks, and \$4,500,000 (1978—\$4,200,000) in money market instruments.

10. Direct financing lease contracts:

The Company has the following net investment in direct financing lease contracts:

	<u>1979</u>	<u>1978</u>
Commercial receivables		
Aggregate rentals receivable	\$136,215,000	\$149,572,000
Residuals on expiry of leases		
Contractual	1,565,000	1,789,000
Non-contractual	1,810,000	1,810,000
	<u>139,590,000</u>	153,171,000
Unearned income	39,180,000	45,772,000
	<u>\$100,410,000</u>	<u>\$107,399,000</u>

Deferred income taxes relating to direct financing lease contracts amount to approximately \$33,000,000 (1978—\$35,000,000).

Consolidated Capitalization December 31, 1979**Finance Group Debt**

	Due within one year	Due beyond one year	Total
Summary			
Secured Debt			
Senior Secured Debt			
Short term notes—in Canadian funds	\$217,437,000	\$ —	\$217,437,000
—in U.S. funds at current or forward exchange rates.	37,147,000	—	37,147,000
Medium term notes	23,075,000	70,720,000	93,795,000
Long term notes	8,478,000	241,826,000	250,304,000
Other Secured Debt	1,538,000	17,883,000	19,421,000
	<u>287,675,000</u>	<u>330,429,000</u>	<u>618,104,000</u>
Unsecured Debt			
Debentures	20,935,000	89,177,000	110,112,000
Debt of Finance Subsidiaries	36,020,000	—	36,020,000
	<u>\$344,630,000</u>	<u>\$419,606,000</u>	<u>\$764,236,000</u>

Senior Secured Debt

The senior secured notes of the Company are secured by a first specific charge on finance receivables and eligible securities, a first floating charge on the undertaking and certain other property and assets of the Company and are protected by operating restrictions provided in borrowing agreements.

Long Term Notes

Series	Maturity date	Maximum annual purchase fund	Outstanding
6¾% AF	June 15, 1981	\$ 250,000	\$ 6,098,000
5¾% Y	September 15, 1981	375,000	7,793,000
9¾% AS	March 15, 1982	750,000	19,313,000
5¾% Z	April 15, 1983	250,000	6,566,000
5¼% AA ⁽ⁱ⁾	May 15, 1983	293,000	9,677,000
9¼% AU	August 15, 1983	600,000	26,400,000
5¾% AB	May 1, 1984	250,000	6,201,000
9½% AT	June 15, 1984	600,000	26,274,000
5¾% AC	September 15, 1984	375,000	8,999,000
5¾% AD	April 15, 1985	375,000	9,039,000
6¼% AE ⁽ⁱ⁾	April 1, 1986	—	13,457,000
7¾% AH	December 1, 1986	79,000	1,826,000
7¼% AI ⁽ⁱ⁾	July 1, 1987	—	19,034,000
7¾% AJ	September 15, 1987	125,000	3,540,000
8% AK ⁽ⁱ⁾	December 1, 1988	847,000	13,197,000
8¾% AL	December 15, 1988	8,000	256,000
9¾% AM	December 15, 1989	29,000	1,097,000
9½% AN	May 15, 1990	5,000	213,000
10½% AO ⁽ⁱ⁾	October 15, 1990	1,070,000	13,147,000
9% AP	February 15, 1991	625,000	18,660,000
10⅞% AR ⁽ⁱ⁾	March 15, 1991	1,172,000	19,839,000
11¼% AQ	January 6, 1995 ⁽ⁱⁱ⁾	400,000	19,678,000
		<u>\$8,478,000</u>	<u>\$250,304,000</u>

(i) U.S. dollar issues.

(ii) The holders of this series have the right to elect an early maturity date for such senior secured notes.

Other Secured Debt

The Company has obligations of \$19.4 million secured on leased property, bearing current interest rates from 8.35% to 10.25% and payable from 1980 through 1990.

Debentures

Series	Maturity date	Annual sinking fund or maximum annual purchase fund	Outstanding
9¾%	November 2, 1980	\$ —	\$ 2,244,000
6%	October 15, 1982	225,000	4,301,000
6%	November 1, 1984	180,000	3,865,000
6%	June 1, 1985	120,000	2,713,000
11¼%	June 15, 1990 (i)	277,000	12,249,000
11½%	November 1, 1990 (i)	600,000	19,743,000
10¾%	April 15, 1991 (i)	300,000	9,900,000
9½%	June 15, 1991	106,000	3,144,000
9¾%	April 15, 1992 (i)	300,000	9,545,000
8¾%	October 15, 1992 (i)	—	12,500,000
10¼%	April 15, 1993 (i)	200,000	9,938,000
8¾%	May 1, 1993	375,000	9,977,000
9%	October 15, 1993	375,000	9,993,000
		<u>\$3,058,000</u>	<u>\$110,112,000</u>

(i) The holders of these series have the right to elect an early maturity date for such debentures. The Company has the right to increase the interest rates on such series, except the 8¾% debentures.

Debt of Finance Subsidiaries

The debt of finance subsidiaries bears current interest rates from 12.15% to 15% and matures in 1980.

Debt of Land Development Group

	Due within one year	Due beyond one year	Total
Bank loans	\$ 150,000	\$48,582,000	\$48,732,000
Mortgages payable	4,390,000	1,361,000	5,751,000
	<u>\$ 4,540,000</u>	<u>\$49,943,000</u>	<u>\$54,483,000</u>

The debt of the Land Development Group bears current interest rates from 8% to 15¼% and matures from 1980 to 1987.

Capitalization (concluded)

Share Capital

Cumulative redeemable preferred shares

	Authorized		Issued and Outstanding	
	Shares	Amount	Shares	Amount
4½%, par value \$100	35,000	\$ 3,500,000	35,000	\$ 3,500,000
Less: held by subsidiaries			5,135	513,000
			29,865	2,987,000
5%, par value \$40.	29,149	1,166,000	29,149	1,166,000
Shares issuable in series, par value \$30	351,917	10,558,000		
Series A, 5%			50,342	1,510,000
Less: cancelled by purchase during 1979			5,929	178,000
			44,413	1,332,000
Series B, \$2.16			197,844	5,935,000
Less: cancelled by purchase during 1979			5,604	168,000
			192,240	5,767,000
Shares issuable in series, par value \$10	5,000,000	50,000,000		
10¼% preferred shares.			749,500	7,495,000
7.5%, par value \$50	331,100	16,555,000	312,454	15,623,000
Less: cancelled by purchase during 1979.			6,152	308,000
			306,302	15,315,000
				<u>\$34,062,000</u>

The terms of issue of preferred shares issued in series include provisions by which the Company is to provide (subject to certain conditions) an annual purchase fund for the purchase and cancellation of these preferred shares in the aggregate amount of \$1,416,000.

Common shares without nominal or par value

	Authorized	Issued and outstanding	
		Shares	Amount
Class A.	10,000,000	6,308,379	\$60,894,000
Add: issued during 1979 on exercise of share purchase warrants		237,802	3,091,000
		6,546,181	63,985,000
Class B.	720,000	720,000	480,000
		7,266,181	<u>\$64,465,000</u>
Less: elimination of shares held directly and indirectly through a subsidiary (i).		2,142,969	
Common shares effectively outstanding		<u>5,123,212</u>	

(i) The common shares of Traders Group Limited held by a subsidiary for a total cost of \$28,049,000 have been eliminated on consolidation as follows:

Class A	1,667,085
Class B	475,884
Total common shares	<u>2,142,969</u>

Operating Policies—Finance Group

Accounting policies

Accounting policies with respect to the Company, including the Finance Group, are presented on pages 9 and 10 as an integral part of the consolidated financial statements.

Lending policy

Loan applications are subject to prudent credit policies. Maximum credit limits for the various levels are recommended by the credit committee and ratified by the executive committee.

Credit levels for management are recommended by the next level of authority; approval is granted by the level above the recommending level; e.g. the Branch Manager's limit is recommended by the Regional Manager and approved by the Assistant Vice President.

Specific credit granting authority is assigned to specific eligible employees in each division according to the employee's experience, credit record, portfolio knowledge and overall credit capability.

In the Personal Financial Services division, all loans over \$1 million are approved by the board of directors of Traders Group Limited, or in the case of Aetna Financial Services Limited and Traders Finance S.A., by the boards of directors of those companies.

In both the Sales Finance division and the Corporate Lending and Leasing division, all loans over \$3 million are approved by the executive committee.

In the Land Development division, the executive committee must approve all loans over \$2 million.

Loans up to and including the amounts previously mentioned above and exceeding the amounts indicated in the table showing maximum credit granting authority are approved by the credit committee of Traders or by the operating committees of Aetna Financial Services Limited and Traders Finance S.A. In addition, the Sales Finance and Corporate Lending and Leasing divisions each have their own division credit committees which have credit limits up to \$1 million.

In every division, all loans over \$1 million and above are automatically reported to the executive committee.

The Company has a policy not to provide financing to any concerns in which its officers, directors, major stockholders, or their families have a material beneficial interest.

Renewals

A renewal is the processing of a new account to pay out an existing account for the same customer. It is an accommodation for customer requirements of reduced instalments, extended terms and/or additional funds. New documentation is completed with the customer and the appropriate guarantors. Credit authorization is the same as for new customer accounts except for the Equipment Financing division which requires approval by the Zone level or above for renewals.

Extensions

An extension is the deferment of an instalment to a later date as a temporary accommodation for the customer. Extensions are carefully monitored by management to ensure they comply with the policies established for each portfolio.

Delinquencies

Delinquency for direct cash loans and sales financing in the personal loan portfolio is determined on both a contractual and recency of payment basis. Delinquency on all other accounts is determined only on a contractual basis. An account is contractually delinquent when the current month's instalment plus more than 10% of the previous month's instalment remains unpaid. An account is delinquent by recency when no payment has been received for 60 days or more.

Write-offs of finance receivables

Credit losses are written-off monthly, as soon as identified, after all reasonable effort has been made to effect recovery from the obligant, collateral or guarantor. In addition direct cash loans are written-off if at least 10% of a contractual payment has not been received in the last six calendar months; consumer finance receivables will be written-off if no instalment has been received for nine months; residential mortgages are written-off if a full instalment has not been received in the last twelve calendar months.

Allowance for credit losses

An allowance for credit losses is established as a result of regular detailed analyses of individual delinquent accounts. In addition to specific reserves, a general reserve is established based on a percentage of outstanding receivables determined by the characteristics of the particular class of receivables, past write-off experience, and other related considerations. The Company's auditors review these analyses.

Maximum credit granting authority

(in thousands of dollars)

	Senior Vice President	Vice President	Assistant Vice President	Regional Manager	Branch Manager
Portfolio					
Direct cash loans	\$100	\$ 25	\$ 10	\$ 6.5	\$ 4.5
Consumer retail notes and contracts	300	100	50	25	15
Residential mortgages and home improvements	100	50	30	25	15
Industrial and commercial equipment	—	500	250	125	75
Corporate loans	—	500	250	125	—
Leasing	—	500	250	125	—
Factoring and commercial financing	—	200	—	—	—
Wholesale					
Personal Financial Services division	400	300	150	—	—
Corporate Lending and Leasing division	—	500	250	125	—

Five Year Statistical Review

	1979	1978	1977	1976	1975
Consolidated Condensed Statement of Income					
Gross income					
Trust company	\$ 194,518,000	\$ 155,128,000	\$ 130,914,000	\$ 114,002,000	\$ 99,174,000
Finance Group	143,847,000	134,223,000	138,693,000	128,349,000	116,527,000
Insurance Group	103,652,000	84,017,000	70,406,000	56,305,000	44,257,000
Land Development Group	19,185,000	19,309,000	13,039,000	13,612,000	11,066,000
Gain (loss) on sale of investments	1,298,000	350,000	(94,000)	(276,000)	(240,000)
Gross income	462,500,000	393,027,000	352,958,000	311,992,000	270,784,000
Expenses					
Interest expense	232,566,000	180,411,000	158,399,000	150,799,000	131,378,000
Insurance claims	68,686,000	51,259,000	41,777,000	34,153,000	27,288,000
Insurance commissions and premium taxes	18,195,000	14,759,000	13,246,000	10,155,000	7,688,000
Cost of land sales	11,862,000	12,020,000	6,311,000	8,134,000	7,416,000
Credit losses	21,121,000	18,602,000	18,580,000	11,187,000	8,813,000
Salaries and staff benefits	53,143,000	50,581,000	44,558,000	37,848,000	33,908,000
Premises including depreciation	11,121,000	10,273,000	7,415,000	5,755,000	5,832,000
Other expenses	36,329,000	32,847,000	29,517,000	25,331,000	22,579,000
Total expenses	453,023,000	370,752,000	319,803,000	283,362,000	244,902,000
Income before income taxes and minority interest	9,477,000	22,275,000	33,155,000	28,630,000	25,882,000
Income taxes (current and deferred)	127,000	7,344,000	15,112,000	12,816,000	11,485,000
Net income	9,350,000	14,931,000	18,043,000	15,814,000	14,397,000
Minority interest and consolidation adjustments	(889,000)	920,000	549,000	1,134,000	1,100,000
Net income for the year*	\$ 10,239,000	\$ 14,011,000	\$ 17,494,000	\$ 14,680,000	\$ 13,297,000
Available for					
Preferred shares	\$ 2,614,000	\$ 2,661,000	\$ 2,716,000	\$ 2,759,000	\$ 2,256,000
Common shares	7,625,000	11,350,000	14,778,000	11,921,000	11,041,000
	\$ 10,239,000	\$ 14,011,000	\$ 17,494,000	\$ 14,680,000	\$ 13,297,000
Earnings per common share*	\$ 1.54	\$ 2.32	\$ 3.17	\$ 2.86	\$ 2.47
Dividends declared per common share	1.25	1.25	1.19%	1.12	1.02½
Return on average annual common equity	6.41%	9.93%	14.41%	13.53%	12.91%
Consolidated Assets					
Trust company	\$1,928,648,000	\$1,645,552,000	\$1,400,259,000	\$1,214,673,000	\$1,074,882,000
Finance Group	1,003,017,000	1,002,044,000	975,509,000	915,059,000	929,290,000
Insurance Group	159,841,000	139,608,000	114,665,000	94,902,000	76,127,000
Land Development Group	81,206,000	42,041,000	28,796,000	28,119,000	23,952,000
Other assets	43,076,000	36,968,000	42,481,000	37,731,000	36,103,000
Total assets	\$3,215,788,000	\$2,866,213,000	\$2,561,710,000	\$2,290,484,000	\$2,140,354,000
Consolidated Capitalization					
Finance Group Debt					
Secured Debt					
Short term	\$ 254,584,000	\$ 229,298,000	\$ 214,780,000	\$ 200,903,000	\$ 255,834,000
Medium term	93,795,000	62,837,000	72,647,000	82,778,000	73,804,000
Long term	250,304,000	275,922,000	253,052,000	238,718,000	208,188,000
Other secured	19,421,000	20,790,000	22,134,000	24,826,000	26,080,000
	618,104,000	588,847,000	562,613,000	547,225,000	563,906,000
Unsecured debt	110,112,000	112,297,000	103,924,000	96,225,000	94,046,000
Debt of finance subsidiaries	36,020,000	28,553,000	36,931,000	20,825,000	21,550,000
	764,236,000	729,697,000	703,468,000	664,275,000	679,502,000
Land Development Group Debt	54,483,000	23,677,000	14,559,000	8,515,000	5,996,000
Shareholders' equity and minority interest	159,494,000	156,221,000	151,915,000	134,498,000	123,864,000
Total capitalization	\$ 978,213,000	\$ 909,595,000	\$ 869,942,000	\$ 807,288,000	\$ 809,362,000
Book value per share	\$ 23.67	\$ 23.89	\$ 22.90	\$ 21.99	\$ 20.36
Income by Line of Business					
Trust company	\$ 3,007,000	\$ 4,624,000	\$ 3,846,000	\$ 1,150,000	\$ 1,102,000
Finance Group	(431,000)	2,565,000	7,856,000	9,327,000	9,279,000
Insurance Group	4,192,000	3,555,000	3,007,000	2,140,000	1,405,000
Land Development Group	3,471,000	3,267,000	2,785,000	2,063,000	1,511,000
Extraordinary items	—	—	—	759,000	479,000
Consolidated net income	\$ 10,239,000	\$ 14,011,000	\$ 17,494,000	\$ 15,439,000	\$ 13,776,000
Number of					
Weighted average number of common shares outstanding	4,941,000	4,884,000	4,669,000	4,164,000	4,467,000
Employees	3,507	3,465	3,448	3,012	3,012
Branches	330	342	375	268	256

*Excludes extraordinary items of years 1976 and 1975.

Quarterly Analysis of Rate Spread and Net Earnings by Source

(unaudited, in thousands of dollars where applicable)

Quarter	Net Rate Spread		Net Earnings					Per Share
	Trust(1) (Restated)	Finance(2)	Trust	Finance	Insurance	Land	Total	
1975 Q1	0.70%	7.38%	\$ 125	\$2,813	\$ (412)	\$ 76	\$ 2,602	\$0.44
Q2	1.13	8.09	347	2,709	832	554	4,442	0.83
Q3	1.14	8.09	311	2,072	613	98	3,094	0.59
Q4	1.03	7.64	319	1,685	372	783	3,159	0.61
	0.98	7.80	1,102	9,279	1,405	1,511	13,297	2.47
1976 Q1	0.95	7.37	201	2,287	222	269	2,979	0.56
Q2	0.97	7.11	224	2,138	1,005	377	3,744	0.74
Q3	0.98	7.59	186	2,647	733	40	3,606	0.69
Q4	1.05	7.90	539	2,255	180	1,377	4,351	0.87
	0.98	7.49	1,150	9,327	2,140	2,063	14,680	2.86
1977 Q1	1.18	7.84	444	1,765	512	1,155	3,876	0.75
Q2	1.43	8.23	1,074	1,276	1,033	759	4,142	0.73
Q3	1.54	8.58	1,137	498	1,348	587	3,570	0.60
Q4	1.34	8.79	1,191	4,317 ⁽³⁾	114	284	5,906	1.09
	1.37	8.37	3,846	7,856	3,007	2,785	17,494	3.17
1978 Q1	1.48	8.52	1,226	1,772	283	278	3,559	0.59
Q2	1.48	8.26	1,121	1,237	1,403	1,409	5,170	0.92
Q3	1.36	7.96	983	679	548	1,351	3,561	0.60
Q4	1.36	8.02	1,294	(1,123)	1,321	229	1,721	0.21
	1.43	8.18	4,624	2,565	3,555	3,267	14,011	2.32
1979 Q1	1.12	6.99	608	698	632	308	2,246	0.33
Q2	1.24	6.73	984	497	1,591	(140)	2,932	0.46
Q3	1.31	6.69	960	590	1,471	132	3,153	0.51
Q4	1.14	5.99	455	(2,216)	498	3,171	1,908	0.24
	1.20	6.59	3,007	(431)	4,192	3,471	10,239	1.54

Notes: (1) Rate earned on investments (excluding fee income) less rate paid on deposits. Taxable equivalent basis.

(2) Gross yield on average funds in use less the average total cost of borrowed money. Includes the carrying costs of investments in Guaranty Trust, Insurance Group and Land Development. Excludes credit losses.

(3) Includes an investment gain after tax of \$4,585,000 from the sale of Traders' interest in Inter-City Gas Limited.

Comparison of Maturities of Finance Receivables with Debt

(in millions of dollars)

	1980	1981	1982	1983	1984	1985 1989	1990 1994	1995 2019	Total
Finance Receivables									
Direct cash loans	\$ 114.4	\$ 72.7	\$ 40.5	\$ 13.4	\$ 3.4	\$ 1.8	\$ —	\$ —	\$ 246.2
Consumer retail notes and contracts									
Motor vehicles	16.6	10.0	4.3	0.8	0.1	—	—	—	31.8
Mortgages	32.3	42.4	57.0	48.1	43.8	1.2	—	—	224.8
Other	41.1	15.9	6.6	2.4	2.0	0.2	—	—	68.2
	90.0	68.3	67.9	51.3	45.9	1.4	—	—	324.8
Commercial loans and contracts									
Industrial and commercial equipment	62.6	40.0	18.9	5.5	1.7	0.1	—	—	128.8
Commercial loans	10.5	7.0	10.0	10.3	3.1	9.0	—	—	49.9
Leasing	20.0	17.2	15.5	13.9	11.5	62.2	—	—	140.3
Factoring and commercial financing	81.5	—	—	—	—	—	—	—	81.5
	174.6	64.2	44.4	29.7	16.3	71.3	—	—	400.5
Wholesale	40.4	—	—	—	—	—	—	—	40.4
	\$ 419.4	\$ 205.2	\$ 152.8	\$ 94.4	\$ 65.6	\$ 74.5	\$ —	\$ —	\$1,011.9
Debt									
Short term notes									
Bank	\$ 4.1	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4.1
Commercial paper	250.5	—	—	—	—	—	—	—	250.5
	254.6	—	—	—	—	—	—	—	254.6
Medium term notes	23.1	60.2	10.5	—	—	—	—	—	93.8
Long term notes	8.5	20.6	35.6	45.8	41.9	73.8	20.3	3.8	250.3
Other Secured Debt	1.5	1.6	1.7	1.9	2.1	9.4	1.2	—	19.4
	287.7	82.4	47.8	47.7	44.0	83.2	21.5	3.8	618.1
Debentures	20.9	2.9	19.1	7.2	13.7	20.2	26.1	—	110.1
Debt of finance subsidiaries	36.0	—	—	—	—	—	—	—	36.0
	\$ 344.6	\$ 85.3	\$ 66.9	\$ 54.9	\$ 57.7	\$ 103.4	\$ 47.6	\$ 3.8	\$ 764.2

Directors and Officers

DIRECTORS

J. P. BASSEL, O.C.
Partner, Bassel, Sullivan & Leake
Barristers and Solicitors

R. E. BETHELL
President and Chief Executive Officer
Canadian General Insurance Group

W. J. A. BULMAN
President, The Bulman Group Limited

G. R. CHATER
President, Grafton Group Limited

H. E. DYNES
Corporate Director

E. W. FLANAGAN
President, Traders Group Limited

I. R. GERSTEIN
President, Peoples Jewellers Limited

R. G. GRAHAM
President, Inter-City Gas Limited

C. S. LEE
Chairman of the Board
and Chief Executive Officer
Petrorep (Canada) Limited

J. C. LOCKWOOD
Chairman of the Board and President
Carling O'Keefe Limited

G. C. MacDONALD
Chairman of the Board
McLeod Young Weir Limited

A. R. MARCHMENT, F.C.A.
Chairman of the Board
and Chief Executive Officer

F. Y. McCUTCHEON
President
Arachnae Management Limited

JAMES W. McCUTCHEON, O.C.
Partner
Shibley, Righton & McCutcheon
Barristers and Solicitors

E. L. G. SMITH
Chairman of the Board and President
E. D. Smith & Sons Limited

D. I. WEBB, F.C.A.
Financial Consultant

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Chairman of the Board and
Chief Executive Officer

E. W. FLANAGAN
President

Senior Vice Presidents

J. D. DERBYSHIRE
Consumer Financial Services

E. A. FRICKER, C.A.
Finance and Administration

M. A. HASLEY
Corporate Financial Services

G. D. WALLACE
Real Estate and Land Development

Vice Presidents

R. W. CHISHOLM, C.A.
Controller

W. L. COCHRANE
Corporate Lending and Leasing

R. J. HEROLD
Public Relations

L. D. McCALLUM
Marketing

D. R. PEACH
Treasurer

W. G. SCHMIDA
Administrative Services

D. J. SKENE
Personnel

M. J. VEAUDRY
Information Services

G. E. WHITLEY, O.C.
Secretary and General Counsel

COMMITTEES

EXECUTIVE

Chairman: James W. McCutcheon, q.c.

J. P. Bassel, q.c., G. R. Chater, E. W. Flanagan,
I. R. Gerstein, R. G. Graham, A. R. Marchment

Function: During intervals between meetings of the Board of Directors, the Executive Committee has all the powers of the Board except those powers that are required by legislation or Company by-law to be exercised by the Board itself.

FINANCE

Chairman: G. R. Chater

E. W. Flanagan, A. R. Marchment,
James W. McCutcheon, q.c., D. I. Webb

Function: The Finance Committee reviews and makes recommendations with respect to the Company's capitalization program.

AUDIT

Chairman: I. R. Gerstein

J. P. Bassel, q.c., W. J. A. Bulman,
G. R. Chater, A. R. Marchment,
James W. McCutcheon, q.c.

Function: The Audit Committee reviews financial information intended for publication, and the adequacy thereof, before such information is submitted to the Board. It also reviews, on a continuing basis, control procedures in effect throughout the Company.

PENSION PLANS TRUSTEES

Chairman: A. R. Marchment

G. R. Chater, E. W. Flanagan

Function: The Pension Plans Trustees review and make recommendations with respect to the funding of employee pension benefits, the selection of investment managers and funding vehicles, the investment return objectives and the investment strategies and performance for the Traders and subsidiaries pension plans.

COMPENSATION

Chairman: G. R. Chater

I. R. Gerstein, R. G. Graham,
A. R. Marchment, James W. McCutcheon, q.c.

Function: The Compensation Committee reviews manpower planning and the performance of management personnel and makes recommendations to the Board concerning executive compensation.

SUBSIDIARIES

GUARANTY TRUST COMPANY OF CANADA

*Chairman of the Board, President and
Chief Executive Officer*
A. R. Marchment

Vice Chairman of the Board
E. W. Flanagan

CANADIAN GENERAL INSURANCE GROUP CANADIAN GENERAL INSURANCE COMPANY TORONTO GENERAL INSURANCE COMPANY TRADERS GENERAL INSURANCE COMPANY

Chairman of the Board
James W. McCutcheon, q.c.

President and Chief Executive Officer
R. E. Bethell

CANADIAN GENERAL LIFE INSURANCE COMPANY

Chairman of the Board
James W. McCutcheon, q.c.

President
C. P. Flood

AETNA FINANCIAL SERVICES LIMITED

Chairman of the Board
A. R. Marchment

President
D. G. Higgins

Locations

Guaranty Trust Deposit Services

W. J. Perkins
Vice President
366 Bay Street
Toronto, Ontario M5H 2W5

ONTARIO EAST AND QUEBEC REGION

D. K. Bogert
Regional Vice President
Post Office "D", Box 2067
109 Bank Street at
Albert Street
Ottawa, Ontario K1P 5X8
Branches—9

ONTARIO CENTRAL REGION

A. R. Mitchell
Regional Vice President
366 Bay Street
Toronto, Ontario M5H 2W5
Branches—13

TORONTO MAIN REGION

W. J. Perkins
Vice President
366 Bay Street
Toronto, Ontario M5H 2W5
Branches—1

ONTARIO WEST REGION

R. A. Thompson
Regional Vice President
Post Office Box 1510
305 Victoria Avenue
Windsor, Ontario N9A 6V5
Branches—12

ONTARIO NORTH, MANITOBA AND SASKATCHEWAN REGION

E. D. Skuce
Regional Vice President
Post Office Box 668
105 Durham Street South
Sudbury, Ontario P3E 4R7
Branches—11

ALBERTA REGION

R. Schmidt
Regional Vice President
401 - 9th Avenue South West
Calgary, Alberta T2P 3C5
Branches—2

BRITISH COLUMBIA REGION

R. Low
Regional Vice President
800 West Pender Street
Vancouver, British Columbia
V6C 2V7
Branches—4

Guaranty Trust Mortgage Division

S. D. Arnott
Vice President
J. P. McAvoy
Assistant Vice President
335 Bay Street
Toronto, Ontario M5H 3N8

ONTARIO CENTRAL AND WEST

P. Simpson
Regional Vice President
335 Bay Street
Toronto, Ontario M5H 3N8
Branches—8

ONTARIO EAST, NORTH, QUEBEC AND MARITIMES

E. Rourke
Regional Vice President
225 Metcalfe Street
Suite 102
Ottawa, Ontario K1P 1P9
Branches—10

WESTERN CANADA

W. Stone
Regional Vice President
401 - 9th Avenue South West
Calgary, Alberta T2P 3C5
Branches—6

Guaranty Trust Sales Finance Division

J. G. Hunter
Vice President
625 Church Street
Toronto, Ontario M4Y 2G1

WESTERN ZONE

G. W. Aldridge
Assistant Vice President
12316 Jasper Avenue
Suite 205
Edmonton, Alberta T5N 3K5
R. S. Campbell
Assistant Vice President
625 Church Street
Toronto, Ontario M4Y 2G1
Branches—9

EASTERN ZONE

P. Gosselin
Assistant Vice President
880 Chemin Ste-Foy
Suite 935
Quebec, Quebec G1S 2L2
Branches—4

Traders Consumer Financial Services

G. H. Greenfield
Vice President
625 Church Street
Toronto, Ontario M4Y 2G1

WESTERN ZONE

T. L. Sallenbach
Assistant Vice President
2426A Douglas Crescent
Post Office Box 3188
Langley, British Columbia
V3A 4R5
Branches—51

CENTRAL ZONE

J. E. Van Leeuwen
Assistant Vice President
1185 Eglinton Avenue East
Suite 200
Nestle Building
Don Mills, Ontario M3C 3C7
Branches—67

QUEBEC DIVISION

J. Dunberry
Vice President
3 Place Laval
Suite 540
Laval, Quebec H7N 1A2
Branches—49

EASTERN ZONE

R. A. Wilson
Assistant Vice President
6080 Young Street
Suite 711
Halifax, Nova Scotia B3K 5L2
Branches—53

NATIONAL MORTGAGE DIVISION

A. M. Cline
Vice President
625 Church Street
Toronto, Ontario M4Y 2G1

ONTARIO MORTGAGE REGION

R. Penn
625 Church Street
Toronto, Ontario M4Y 2G1
Branches—10

EAST-WEST MORTGAGE ZONE

T. R. Carnegie
625 Church Street
Toronto, Ontario M4Y 2G1
Branches—7

Locations (concluded)

Corporate Lending and Leasing

EQUIPMENT FINANCING AND LEASING

J. S. Ridout
Assistant Vice President
366 Bay Street
Toronto, Ontario
M5H 2W5
Offices—11

R. C. Hodges
National Manager
366 Bay Street
Toronto, Ontario
M5H 2W5
Offices—5

MANUFACTURER AND DISTRIBUTOR SERVICES

A. B. Duff
Assistant Vice President
366 Bay Street
Toronto, Ontario
M5H 2W5
Offices—3

CORPORATE LOANS

H. B. McBain
National Manager
366 Bay Street
Toronto, Ontario
M5H 2W5

W. Ferguson
National Manager,
Operations
366 Bay Street
Toronto, Ontario
M5H 2W5
Offices—2

Guaranty Trust Real Estate Division

T. R. Merrick
Vice President and
National Manager
625 Church Street
Toronto, Ontario M4Y 2G1
Branches—22

Land Development

A. Lomaga
Vice President
625 Church Street
Toronto, Ontario
M4Y 2G1

FOREST GLENN (DIXIE) LIMITED and subsidiaries

TRADERS DEVELOPMENTS LIMITED and subsidiaries

LES DÉVELOPPEMENTS VAL-FORÊTS LTÉE and subsidiaries

WESTERN DIVISION

C. J. Small
13623 38th Street
Edmonton, Alberta
T5A 2N1

MONTRAD INC.

G. St. Pierre
General Manager
Alexis Nihon Plaza
1500 Atwater Avenue
Montreal, Quebec
H3Z 1X8

Aetna Financial Services Limited

D. Higgins
President
4150 St. Catherine
Street West
Montreal, Quebec
H3Z 1X8

EASTERN REGION

J. P. Lafontaine
Vice President
4150 St. Catherine
Street West
Montreal, Quebec
H3Z 1X8

CENTRAL REGION

C. C. Evans
Vice President
2 Bloor Street East
Suite 3300
Toronto, Ontario
M4W 1A8

International

B. D. Lambie
Vice President
27 Upper Brook Street
London W1Y 1PD
England

TRADERS FINANCE S.A.

2 Boulevard Royale
Luxembourg

TRADERS FINANCE AND LEASING INC.

133A Filonos Street
Piraeus
Greece

TRAFINCO SERVICES LIMITED

27 Upper Brook Street
London W1Y 1PD
England

Canadian General Insurance Group

R. E. Bethell
President and
Chief Executive Officer

CANADIAN GENERAL INSURANCE COMPANY

TORONTO GENERAL INSURANCE COMPANY

TRADERS GENERAL INSURANCE COMPANY

170 University Avenue
Toronto, Ontario
M5H 3B5

WESTERN REGION

D. G. Cassidy
Regional Manager
10010 - 106th Street
Suite 800
Edmonton, Alberta
T5J 3L8
Branches—3

ONTARIO REGION

W. R. Gore
Regional Vice President
170 University Avenue
Toronto, Ontario
M5H 3B5
Branches—8

QUEBEC REGION

M. Laramée
Regional Manager
Place Sherbrooke
1010 Sherbrooke Street West
Montreal, Quebec
H3A 2V9
Branches—1

ATLANTIC REGION

A. G. Hunter
Regional Manager
6080 Young Street
Suite 808
Halifax, Nova Scotia
B3K 5L2
Branches—4

CANADIAN GENERAL LIFE INSURANCE COMPANY

C. P. Flood
President
Post Office Box 918
105 Main Street East
Suite 1202
Hamilton, Ontario L8N 3P6

Bankers and Other

Head Office

625 Church Street
Toronto, Ontario
M4Y 2G1

Auditors

Price Waterhouse & Co.
Chartered Accountants
Toronto, Ontario

Stock Exchange Listings

(Symbol: TG)

Toronto Stock Exchange:
Class A & B common,
preferred (all classes)

Montreal Stock Exchange:
Class A & B common,
preferred (10¼%, 7.5%)

Vancouver Stock Exchange:
Class A & B common,
preferred (4½%, 10¼%, 7.5%)

Share Transfer Agents and Registrars

Guaranty Trust Company of Canada
Toronto, Montreal, Winnipeg,
Calgary, Vancouver

Bank of Montreal Trust Company
New York, N.Y.

Trustees

Senior Secured Debt—
The Royal Trust Company
Toronto, Ontario

Debentures—
The Canada Trust Company
Toronto, Ontario

Bankers

IN CANADA (8)

Bank of British Columbia
Bank of Montreal
Canadian Imperial Bank of Commerce
National Bank of Canada
The Bank of Nova Scotia
The Mercantile Bank of Canada
The Royal Bank of Canada
The Toronto-Dominion Bank

IN THE UNITED STATES OF AMERICA (24)

Bank of America
Bankers Trust Company
Chemical Bank
Citibank, N.A.
Continental Illinois National Bank and
Trust Company of Chicago
Crocker National Bank
French American Banking Corporation
Harris Trust & Savings Bank
Irving Trust Company
Manufacturers Hanover Trust Company
Manufacturers National Bank of Detroit
Marine Midland Bank
Mellon Bank, N.A.
National Bank of Detroit
Seattle-First National Bank
Security Pacific National Bank
Swiss Bank Corporation
The Chase Manhattan Bank, National
Association
The Cleveland Trust Company
The First National Bank of Boston
The First National Bank of Chicago
Union Bank
United California Bank
Wells Fargo, National Association

IN EUROPE (5)

Bank of Montreal
Citibank, N.A.
Mellon Bank, N.A.
The Bank of Nova Scotia
The Royal Bank of Canada

Principal Subsidiary Companies

December 31, 1979

Consolidated Subsidiaries

Finance Group

	Effective % held by Traders	Investment at cost and advances from Traders (in thousands of dollars)
Trans Canada Credit Corporation Limited . . .	100.0%	\$ 14,394
Traders Homeplan Limited and subsidiary.	99.9	3,152
Traders Realty Limited . . .	100.0	240,734
Traders Finance Corporation (1966) Limited	100.0	1,633
Aetna Financial Services Limited and subsidiary. . .	60.0	4,833
Traders Finance S.A. and subsidiaries	100.0	32,503
Traders Finance Corporation (1976) Limited	100.0	6,642*

Land Development

Forest Glenn (Dixie) Limited.	100.0	* *
Traders Developments Limited	100.0	* *
Les Développements Val-Forêts Ltée	100.0	1

Trust Company

Guaranty Trust Company of Canada . . .	99.1	65,410
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Insurance

Canadian General Insurance Company . . .	99.4	836
Toronto General Insurance Company . . .	98.9	708
Traders General Insurance Company . . .	99.5	1,338
Canadian General Life Insurance Company . . .	97.8	—

* After elimination of inter-company holdings

** Cost of investment less than one thousand dollars

Services

Traders Group Limited

Consumer Services

Personal Loans
Refinancing and Debt Consolidation
Purchase Plans for:
 Vacation Homes and Lots
 Furniture and Appliances
 Home Improvements
First and Second Residential Mortgages

Business Services

Factoring
Accounts Receivable Financing
Export-Import Financing
Land Development

Canadian General Insurance Group

General Casualty Insurance for:

Automobiles
Properties

Bonding for:

Surety
Performance
Bid

Individual and Group:

Life Insurance
Sickness and Accident Insurance

Guaranty Trust Company of Canada

(member, the Canada Deposit Insurance Corporation)

Consumer Services

Personal Chequing Accounts
Premium Savings Accounts
Regular Savings Accounts
Guaranteed Daily Interest Savings Accounts
Guaranty Service
GT 60 Service
Personalized Cheques
Deposit by Mail
Travelers Cheques
Money Orders and Company Drafts
Safety Deposit Boxes
Safekeeping Services
Guaranteed Investment Certificates
Guaranteed Option 5 Certificates
Time Deposit Certificates
Financial Planning
Registered Home Ownership Savings Plan
Registered Retirement Savings Plans:
 Guaranteed RSP
 Guaranteed Investment Certificate RSP
 Managed RSP
 Mortgage Fund RSP
 Special Self Administered RSP
 Canada Savings Bond RSP
 Group RSP
Registered Retirement Income Funds:
 Guaranteed RRIF
 Self Administered RRIF

Mortgage Fund
Investors Fund
Personal Loans
First and Second Residential Mortgages
Purchase Plans for:
 Cars and Trucks
 Recreational Vehicles
Investment Management
Estate Planning
Estate and Trust Administration
Real Estate Sales
Property Management

Corporate Services

Medium and Long Term Loans for:
 Acquisitions
 Expansion
 Modernization
 Cash Flow Improvement
Equipment Financing and Leasing
Manufacturer Floor Plans
Distributor Capital Loans
Commercial Mortgages
Corporate Trust Services
Stock Transfer Agents
Trustee of Pension and Other
 Employee Benefit Plans
Property Management

